

## **CFMEU Submission to the 2016-17 Skilled Occupation List (SOL)**

Thank you for the invitation to Construction, Forestry, Mining and Energy Union (CFMEU) to make a submission on the annual update of advice to the Minister for Immigration and Border Protection on the Skilled Occupations List (SOL) for 2016-17.

The CFMEU is Australia's main trade union in construction, forestry and furnishing products, mining and energy production. We welcome the opportunity to submit to the 2016-17 SOL.

The main focus of this submission is the following trade occupations:

- Forester (234113)
- Bricklayer (331111)
- Stonemason (331112)
- Carpenter and Joiners (331211)
- Carpenter (331212)
- Joiner (331213)
- Painting trades workers (332211)
- Glazier (333111)
- Fibrous Plasterer (333211)
- Solid Plasterer (333212)
- Wall and Floor Tiler (333411)

*We support independent permanent skilled migration schemes over employer sponsored temporary and permanent visa programs.*

The CFMEU strongly supports permanent skilled migration schemes, particularly those which do not bind workers to individual employers. Migration schemes which bind migrant workers to individual employers increase those workers' vulnerability to exploitation. As workers ability to stay in Australia under employer sponsored agreements is often directly linked to their employer, and visa holders have a restricted capacity to leave that employer, workers are much more vulnerable to mistreatment by unscrupulous employers.

Australia's immigration program has shifted from being supply-driven independent skilled migration towards demand-driven employer sponsored migration. As at 31 March 2015, 37,430 permanent migration visas were granted for 2014-2015 for applicants who had previously held a 457 visa. The vast majority of permanent visa grants to 457 visa holders were in the skill stream (96.5%). The 457 temporary work visa is largely used as a pathway to permanent residency. For this reason, we advocate independent permanent skilled migration schemes over employer-sponsored temporary and permanent visa programs.

We support independent skilled migration. We believe that the SOL should identify those occupations of real and genuine skill shortage where Australia would benefit from independent skilled migration. This is crucial as it ensures that skills shortages are met in the first instance through the training and development of locals. Additional skilled migration supports the economy where skills shortages cannot be met by local workers or by training and up-skilling Australians.

*The consultation process for the development of the SOL needs improvement.*

The CFMEU believes the current SOL consultation needs more consultation, public discussion and transparency. Transparency and integrity of the SOL development process has not been helped by the abolition of the AWPAs. The SOL consultation process should include, after initial consultations, the public release of a draft SOL for further comment. This should include the materials and justification for inclusion of occupations on the list.

*The current proposed SOL contains occupations which are not likely to be facing genuine skills shortages that cannot be met through local workers or up-skilling Australians.*

The CFMEU argues that evidence does not support claims that there are shortages in all of the SOL listed occupations for the construction, forestry, mining and energy sectors. Research conducted by the Department of Employment finds that no skills shortages exist for Carpenters and Joiners; Painting Trades Workers; or Fibrous Plasterers - occupations currently listed on the SOL. The unemployment rate for Plasterers and Wall and Floor Tilers has been found to be above average.

Australia's unemployment rate has been climbing steadily as the resources boom has ended. Our unemployment rate reached 6.4% in July, the highest it has been since 2002. As growth in the Chinese economy slows and commodity prices fall, many of the jobs for people in construction and manufacturing are, and will continue to be, no longer needed. Focus needs to be placed on reskilling these workers and finding them new jobs.

We need to invest more in training locals and assisting existing apprentices to completion. Many existing skills shortages can be met through reskilling and improving pathways from VET in Schools and School Based Apprenticeships to full-time apprenticeship completions.

CFMEU recommends the following occupations be removed from the 2016-17 SOL, namely:

- Forester (234113)
- Bricklayer (331111)
- Carpenter and Joiners (331211)
- Carpenter (331212)
- Joiner (331213)
- Fibrous Plasterer (333211)
- Wall and Floor Tiler (333411)

Our submission demonstrates that the evidence does not support the inclusion of these occupations on the SOL at this time.

## Industry skills snapshot

The purpose of the SOL is to identify occupations *“that would benefit from independent skilled migration for the purpose of meeting the medium to long term skill needs of the Australian economy, where such needs may not be more appropriately met by sponsored migration programs or up-skilling Australians.”*<sup>1</sup>

In the year to 30 June 2015, 189,097 people migrated to Australia, of these 68% or 127,774 were skilled migrants.<sup>2</sup> Of these, 16.7% are Technicians and Trades Workers. Employer sponsored migration made up 37.8% of places and General Skilled Migration comprised 57% with 82.6% of primary applicants having an occupation on the SOL.

The CFMEU argues that evidence does not support claims that there are shortages in all of the SOL listed occupations for the construction, forestry, mining and energy sectors, currently or in the medium to long term. Evidence from the Department of Employment demonstrates that for some industries there are more than enough suitable applicants for skilled vacancies.

Recent research undertaken by the Department of Employment shows that the proportion of occupations in shortage is at a historic low and *“there are more than enough applicants with relevant qualifications, or appropriate skills and experience, for vacancies in almost every occupation.”* Since 2007-08, the proportion of occupations in shortage has dropped from 88% to 30%. The proportion of vacancies filled has increased from 49% to 73%.<sup>3</sup>

For Technicians and Trades, the proportion of occupations in shortage has dropped from 97% to 41%. For 2014-15, the Department found that there was an average of 12.1 Technician and Trade applicants for each skilled vacancy, of whom an average of 1.8 were considered suitable by employers (an increase from 1.5 suitable applicants per vacancy in 2010-11 to 1.8 suitable applicants in 2014-15). For construction trades, the number of applicants per vacancy is 7.9, with 1.4 suitable applicants per vacancy.

In research undertaken in the September quarter of 2014, the Department of Employment finds that no skills shortages exist for Carpenters and Joiners; Painting Trades Workers; or Fibrous Plasterers - occupations currently listed on the SOL.<sup>4</sup>

In April 2015, the Department found that there are no shortages in any state for Carpenters, and 80 per cent of vacancies have been filled with 2.5 applicants per vacancy (more than the average 2.2 which the Department describes as *‘more than enough’* for occupations in

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<sup>1</sup> Department of Employment (2015), 2015-16 Skilled Occupations List, 2 Jun 2015, accessible at: <https://education.gov.au/news/2015-16-skilled-occupations-list>

<sup>2</sup> Department of Immigration and Border Protection (2015), 2014-15 Migration Program Report, Programme year to 30 June 2015, accessible at: <http://www.border.gov.au/ReportsandPublications/Documents/statistics/2014-15-Migration-Programme-Report.pdf>

<sup>3</sup> Department of Employment (2015), Skills Shortages – Statistical Summary, accessible at: <http://docs.employment.gov.au/documents/skill-shortages-statistical-summary>

<sup>4</sup> Department of Employment (2014), Occupational skills shortages information, accessible at: <https://employment.gov.au/occupational-skill-shortages-information>

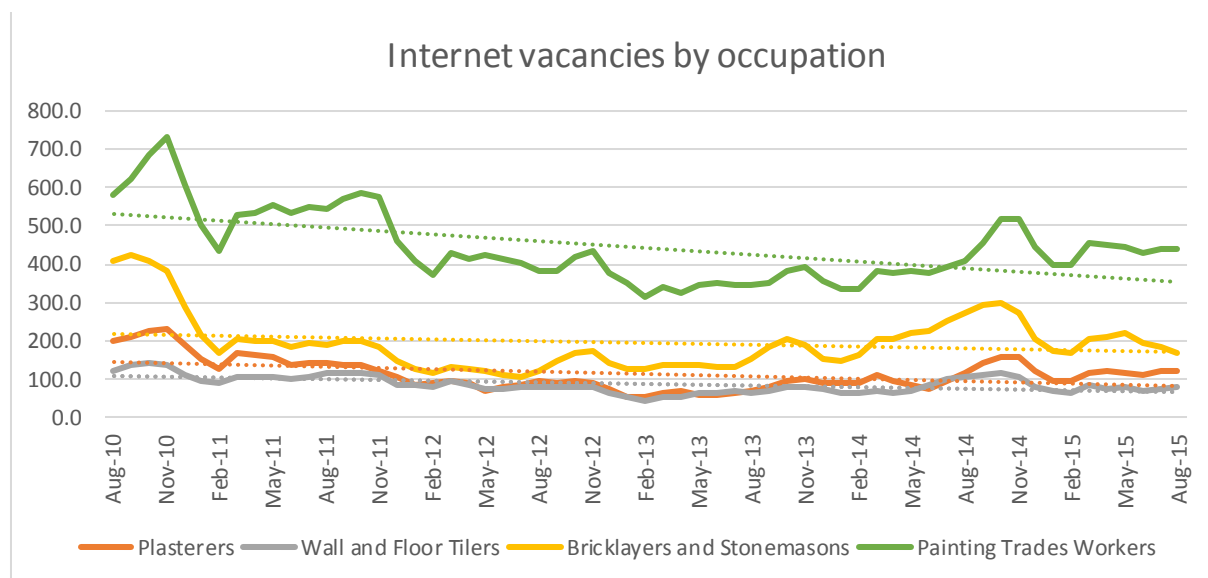
general). There is no longer any justifiable reason for these trade occupations to remain on the 2016-17 SOL.

The Department’s Australian Jobs Occupation Matrix<sup>5</sup>, which provides information about the labour market for industries and occupations, finds that for Plasterers, employment has decreased 7.3% in the five years to November 2014 and that in 2014 unemployment rate was above average as compared with all occupations.

Wall and floor tilers were also found to have an above average unemployment rate as were Forestry and Logging workers - where employment has decreased 60.2% over the past five years. Carpenters and Joiners and Glaziers were also not found to have an above average unemployment rate. If unemployment in these industries is at, or higher than, the unemployment rate across all industries any vacancies must first be filled with unemployed local workers.

ForestWorks, the Industry Skills Council for the forest, wood, paper and timber products industry, suggests there is no evidence to support that a skills shortage still exists for foresters. The Institute of Foresters Australia also indicates there is currently no shortage of foresters.

The Department of Employment’s monitoring of new job advertisements listed on the Australian Job Search (AJS) website demonstrates a downward trend for online advertisements for Plasterers, Wall and Floor Tilers, Bricklayers and Stonemasons and Painting Trades Workers over the past five years.<sup>6</sup> As the number of positions available decreases, competition for limited positions increases.



<sup>5</sup> Department of Employment (2015), Australian Jobs 2015 –Occupation matrix, accessible at: <http://docs.employment.gov.au/documents/australian-jobs-2015-occupation-matrix>

<sup>6</sup> Department of Employment (2015), Vacancy Report, August 2015, accessible at: <http://lmip.gov.au/default.aspx?LMIP/VacancyReport>

Industry itself also contradicts claims of current shortages in construction trades occupations. The latest Master Builders of Australia (MBA) quarterly national survey of building and construction (June 2014), which surveys builders about the degree of difficulty in finding a range of subcontractors/employees, finds that *“the labour market remains fairly soft and currently there is no significant difficulty finding employees or subcontractors.”*<sup>7</sup> The survey included occupations currently listed on the SOL including Bricklayers; Carpenters; Painters; Plasterers; Wall and Floor Tilers.

### **Apprenticeships and Training**

The purpose of the SOL is to identify occupations for skilled migration where skills need *“may not be more appropriately met by sponsored migration programs or up-skilling Australians.”*<sup>8</sup>

We have demonstrated that, for many of the occupations of our members, the evidence does not support claims that skills shortages exist. Notwithstanding, where skills shortages are found to exist CFMEU argues that this shortage is best met through increased training of local workers, and apprenticeships, and training support for commenced apprentices to reach completion. Continued growth in skilled migration will only provide incentives for employers to hire already skilled overseas workers rather than invest in training locally.

NCVER, Australia's principal research and evaluation organisation for the vocational education and training (VET) sector in Australia, states in its most recent annual statistical report on Apprentices and Trainees that 2.7% of Australian workers were employed as an apprentice or trainee as at December 2014, down from 3.3% in 2013. Overall commencements decreased by 21.9% over the year, including trade apprenticeships which decreased by 16.9%. Completions also decreased by 17.8% for all trade and non-trade apprenticeships and traineeships.<sup>9</sup>

Table 1 shows the number of apprenticeship completions in 2015. The figure is extended to five years in the third column and compared with the Department of Employment's projected employment growth for the five years to 2019 in the fourth and fifth columns. For Bricklayers and Stonemasons and Carpenters and Joiners, it can be seen that the number of new apprentice completions more than covers the number of projected new employment positions in the five years to 2019.

These figures are based on completion rates, not commencements. The Construction and Property Services Industry Skills Council (CPSISC) finds that the completion rate for apprenticeships is low at around 50% across industries and that completion rates for construction are decreasing from 44.7% in 2007 to 42.6% in 2009. The most commonly cited reasons for non-completion are employment experience related including interpersonal difficulties with employers or colleagues, being made redundant, not liking the work and

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<sup>7</sup> Master Builders Australia (2015), National Survey of Building and Construction, June Q2015, accessible at: <http://www.masterbuilders.com.au/TemporaryDownloads/B2046A28-7F72-49FD-AFD0-3610260055AF-National%20Survey%20June%202015.pdf>

<sup>8</sup> Department of Employment (2015), 2015-16 Skilled Occupations List, 2 Jun 2015, accessible at: <https://education.gov.au/news/2015-16-skilled-occupations-list>

<sup>9</sup> NCVER and the Department of Education and Training (2015), Apprentices and trainees 2014, Annual report.

changing career. Increasing the number of apprenticeship completions will help meet projected skills shortages. More focus needs to be placed on assisting employers and apprentices commence and complete apprenticeships.

**Table 1. Chart of apprenticeship completions and projected employment to 2019**

Occupation	Completions (2015)	Completions over to 2019	Projected employment growth to 2019	Difference
Plasterer (3332)	492	2460	3952.3	-1492.3
Wall and Floor Tiler (3334)	301	1505	3744.6	-2239.6
Bricklayer and Stonemason (3311)	532	2660	1297.2	1362.8
Carpenter and Joiners (3312)	5619	28095	18692.6	9402.4

Source: Compiled using data from Department of Employment (2015), Employment Projections, accessible at: <http://mip.gov.au/default.aspx?LMIP/EmploymentProjections> and NCVET (2015), VET students by industry, accessible at: <http://data.ncver.edu.au/resources/vsi.html>

In addition to these completions, the CPSISC states that the VET in Schools Program and School Based Apprenticeships are another pathway to address skills shortages.<sup>10</sup> Although construction is one of the top three choices by students, and there are large numbers of students undertaking these programs, only a small minority actually complete nationally recognised qualifications and only a small proportion follow through into full-time construction trade apprenticeships. The CPSISC states *“This is disturbing trend which reveals several areas of disconnect between prevocational learning and trade skill industry uptake.”* Rather than focusing on skilled migration, the focus should be on improved apprenticeship recruitment and apprenticeship outcomes in industries of skills shortage.

<sup>10</sup> CPSISC (2015), Environmental Scan 2015-16, accessible at: <http://www.cpsisc.com.au/Publications/escan>